



Senate

General Assembly

February Session, 2016

File No. 441

Senate Bill No. 369

Senate, April 4, 2016

The Committee on Insurance and Real Estate reported through SEN. CRISCO of the 17th Dist., Chairperson of the Committee on the part of the Senate, that the bill ought to pass.

AN ACT REGULATING THE OFFER AND DISSEMINATION OF TRAVEL INSURANCE.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective October 1, 2016*) (a) As used in this
2 section:

3 (1) "Travel insurance" means insurance, provided under an
4 individual or a group or master insurance policy, for the following
5 personal risks incident to planned travel: (A) Interruption or
6 cancellation of a trip or an event; (B) loss of baggage or personal
7 effects; (C) damage to accommodations or rental vehicles; or (D)
8 sickness, accident, disability or death occurring during travel;

9 (2) "Limited lines travel insurance producer" means a person, as
10 defined in section 38a-1 of the general statutes, that is (A) (i) a
11 managing general underwriter, (ii) a managing general agent or
12 similar administrator, or (iii) an insurance producer, including a
13 limited lines producer, licensed or authorized to do business in this

14 state; and (B) authorized in accordance with subsection (b) of this
15 section to sell, solicit or negotiate travel insurance to residents of this
16 state;

17 (3) "Offer and disseminate" means the provision of general
18 information about travel insurance, including a description of the
19 coverage and price of a travel insurance policy; the processing of an
20 application for a travel insurance policy; the collection of a premium
21 for a travel insurance policy; or the performance of other activities not
22 requiring a license and permitted by the state concerning a travel
23 insurance policy;

24 (4) "Travel retailer" means a business entity that makes, arranges or
25 offers travel services; and

26 (5) "Designated travel retailer" means a travel retailer designated by
27 a limited lines travel insurance producer to offer and disseminate
28 travel insurance to residents of this state on such producer's behalf.

29 (b) (1) (A) Any person seeking authorization as a limited lines travel
30 insurance producer may apply to the Insurance Department, on such
31 form and in such manner as prescribed by the Insurance
32 Commissioner, for authorization as a limited lines travel insurance
33 producer to sell, solicit or negotiate travel insurance through an
34 insurance company licensed or authorized to do business in this state,
35 provided (i) such person and insurance company has paid all
36 applicable licensing fees required under state law, and (ii) the
37 employee designated pursuant to subparagraph (A) of subdivision (3)
38 of this subsection and the president, secretary, treasurer and any other
39 officer or person who directs or controls the insurance operations of
40 the person seeking such authorization has complied with any
41 fingerprinting requirements applicable to insurance producers in the
42 resident state of the person seeking such authorization.

43 (B) The commissioner may approve or disapprove such application.
44 Any such authorization shall be in force until the commissioner
45 suspends or revokes such authorization or the commissioner suspends,

46 revokes or refuses to renew the person's or insurance company's
47 license or authorization to do business in this state.

48 (2) Each limited lines travel insurance producer shall, at the time
49 such application is approved by the commissioner, establish and
50 maintain a registry, on a form prescribed by the commissioner, of its
51 designated travel retailer or retailers. Such producer shall update the
52 registry annually and shall include (A) the name, address and contact
53 information of each designated travel retailer, (B) the name, address
54 and contact information of an officer or individual who directs or
55 controls each designated travel retailer's operations, (C) the federal tax
56 identification number of each designated travel retailer, and (D) a
57 certification by such producer that the designated travel retailer has
58 not engaged in conduct prohibited under 18 USC 1033, as amended
59 from time to time. Upon request by the commissioner, a limited lines
60 travel insurance producer shall make such registry available during
61 the regular business hours of such limited lines travel insurance
62 producer to the commissioner or the commissioner's designee for
63 inspection and examination.

64 (3) (A) Each limited lines travel insurance producer shall designate
65 an employee, who is an insurance producer licensed in this state, as the
66 individual responsible for the limited lines travel insurance producer's
67 compliance with the provisions of this section, including supervision
68 of its designated travel retailers.

69 (B) A limited lines travel insurance producer shall be responsible for
70 the acts of its designated travel retailer and shall use reasonable means
71 to ensure its designated travel retailer's compliance with this section.

72 (4) Each limited lines travel insurance producer shall require each
73 employee and authorized representative of its designated travel
74 retailer to receive instruction or training on the offer and dissemination
75 of travel insurance. Such instruction or training may be subject to
76 review by the commissioner and shall include, at a minimum,
77 information about the types of travel insurance offered through the
78 travel retailer, ethical sales practices and required disclosures to

79 prospective customers.

80 (5) Each limited lines travel insurance producer or designated travel
81 retailer shall provide to purchasers of a travel insurance policy (A) a
82 description of or a copy of the material terms of such policy, (B) a
83 description of the process for filing a claim under such policy, (C) a
84 description of the process for the review or cancellation of such policy,
85 and (D) the identity of and contact information for the insurance
86 company issuing such policy and the limited lines travel insurance
87 producer.

88 (c) (1) A travel retailer that does not employ a licensed insurance
89 producer or is not licensed or authorized to transact the business of
90 insurance in this state may offer and disseminate travel insurance to
91 residents of this state, provided (A) it is a designated travel retailer,
92 and (B) its travel insurance-related activities are limited to those
93 authorized under this section.

94 (2) A travel retailer shall make available to prospective customers
95 brochures or other written materials that (A) provide the identity of
96 and contact information for the insurance company issuing the travel
97 insurance policy and the limited lines travel insurance producer, (B)
98 explain that the purchase of travel insurance is not required to
99 purchase any other product or service from the travel retailer, and (C)
100 explain that such travel retailer is permitted to provide general
101 information about the travel insurance offered through the travel
102 retailer, including a description of the coverage and price, but is not
103 qualified or authorized to answer questions about the terms and
104 conditions of such insurance or evaluate the adequacy of the
105 prospective customer's existing insurance coverage.

106 (3) A designated travel retailer may receive compensation from a
107 limited lines travel insurance producer or the insurance company
108 issuing a travel insurance policy, for services related to the offer and
109 dissemination of travel insurance, as agreed to by such designated
110 travel retailer and such limited lines travel insurance producer or
111 insurance company.

112 (4) No employee or authorized representative of a travel retailer
113 shall be required to be licensed as an insurance producer, provided no
114 such employee or authorized representative (A) evaluates or interprets
115 the terms, benefits or conditions of travel insurance offered by the
116 travel retailer, (B) evaluates or provides advice regarding a prospective
117 customer's existing insurance coverage, or (C) holds himself or herself
118 out as a licensed insurance producer or an insurance expert.

119 (d) (1) A violation of this section by a limited lines travel insurance
120 producer shall be deemed an unfair or deceptive insurance practice
121 under section 38a-816 of the general statutes.

122 (2) A violation of this section by a travel retailer shall be deemed an
123 unfair or deceptive trade practice under subsection (a) of section 42-
124 110b of the general statutes.

This act shall take effect as follows and shall amend the following sections:		
Section 1	October 1, 2016	New section

INS *Joint Favorable*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 17 \$	FY 18 \$
Insurance Dept.	GF - Revenue Loss	Approximately \$50,000	Approximately \$50,000

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill establishes a limited lines travel insurance producer. Under the bill, a limited lines travel insurance producer is an individual, association, unincorporated organization, or a corporation, partnership, limited liability company, joint stock company, business trust or other legal entity that is a (1) licensed or authorized insurance producer, including a limited lines producer and (2) managing general underwriter, agent, or similar administrator.

The bill is expected to result in the elimination of individual licenses resulting in a revenue loss of approximately \$50,000. There are approximately 600 individual licenses at an annual cost of \$80.

The bill results in no cost to the Department of Consumer Protection as few actionable complaints are anticipated.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to the number of licenses.

Sources: Connecticut Insurance Department
<http://www.ct.gov/cid/lib/cid/LicenseApplicationAndRenewalFee.pdf>
 Public Testimony

OLR Bill Analysis**SB 369*****AN ACT REGULATING THE OFFER AND DISSEMINATION OF TRAVEL INSURANCE.*****SUMMARY:**

This bill establishes “limited lines travel insurance producers” and authorizes them to sell travel insurance through insurers or designated travel retailers (i.e., business entities that make, arrange, or offer travel services). The bill also requires these producers to maintain a registry of their designated travel retailers, imposes certain disclosure and training requirements on producers and retailers, and allows producers or insurers to compensate the retailers for offering and disseminating travel insurance and related services.

Under the bill, producers are responsible for designated travel retailers’ actions and must use reasonable means to ensure that retailers comply with the bill. A violation of the bill by producers is deemed unfair or deceptive insurance practices; a violation by travel retailers is an unfair or deceptive trade practice (see BACKGROUND).

The bill establishes travel insurance as an individual, group, or master insurance policy that covers the following personal risks incident to planned travel: (1) interruption or cancellation of a trip or an event; (2) loss of baggage or personal effects; (3) damage to accommodations or rental vehicles; or (4) sickness, accident, disability or death occurring during travel.

EFFECTIVE DATE: October 1, 2016

LIMITED LINES TRAVEL INSURANCE***Producers***

Under the bill, a limited lines travel insurance producer is an

individual, association, unincorporated organization, or a corporation, partnership, limited liability company, joint stock company, business trust, or other legal entity that is authorized in accordance with the bill to sell, solicit, or negotiate travel insurance to Connecticut residents and (1) an insurance producer, including a limited lines producer, licensed and authorized to do business in the state or (2) a managing general underwriter, agent, or similar administrator.

Authorization

The bill allows an individual to apply to the Insurance Department, in a form and manner determined by the commissioner, for authorization to sell, solicit, or negotiate travel insurance through an insurance company licensed or authorized to conduct business in Connecticut.

The applicant and insurer must pay all applicable licensing fees. The bill also requires the president, secretary, treasurer, and any other officer or person directing or controlling the applicant's insurance operations to comply with any insurance producer fingerprinting requirements of the applicant's resident state.

A limited lines travel producer must also designate an employee, who must meet the same fingerprinting requirements, as responsible for the producer's compliance with the bill, including supervision of his or her designated travel retailers (see below). It is unclear if the applicant can designate himself or herself as the responsible employee.

The bill authorizes the commissioner to approve or deny applications. Under the bill, an authorization remains in force until the commissioner (1) suspends or revokes it or (2) suspends, revokes, or refuses to renew the applicant's or insurance company's business license or authorization.

Designated Travel Retailers and Retailer Registry

The bill requires a limited lines travel producer, when its application is approved by the commissioner, to establish and maintain a registry of his or her designated travel retailers. Designated

travel retailers offer and disseminate travel insurance to Connecticut residents on the producer's behalf. Under the bill, "offer and disseminate" means giving general travel insurance information, including (1) descriptions of its coverage and price, (2) processing policy applications; (3) collecting policy premiums, (4) or performing other travel insurance activities not requiring a license and permitted by Connecticut.

The producer must update the registry annually and include the names, addresses, and contact information of (1) his or her designated travel retailers and (2) the officers or individuals directing or controlling his or her designated travel retailers' operations. The registry must also include (1) each designated travel retailer's federal tax identification number and (2) the producer's certification that the designated travel retailer has not engaged in certain conduct prohibited by federal law (e.g., falsifying insurance records). Upon the commissioner's request, the producer must make the registry available during his or her regular business hours for inspection and examination.

A travel retailer not licensed or authorized to conduct insurance business or not employing licensed insurance producers may offer and disseminate travel insurance to Connecticut residents if (1) it is a designated travel retailer and (2) its travel insurance-related activities are limited to those authorized by the bill. However, the bill specifies that travel retailer employees or authorized representatives are not required to be licensed as insurance producers, as long as they do not (1) evaluate or interpret the policy's terms, benefits, or conditions; (2) evaluate or provide advice on a prospective customer's existing insurance coverage; and (3) hold themselves out as licensed insurance producers or insurance experts.

Designated Travel Retailers Employee Training

Under the bill, limited lines travel insurance producers must require their designated travel retailers' employees and authorized representatives to receive instruction or training on offering and

disseminating travel insurance. The instruction or training may be reviewed by the commissioner and must include, at a minimum, information about the types of travel insurance the retailer offers, ethical sales practices, and required disclosures to prospective customers.

Required Disclosures by Producers and Travel Retailers

Producers must provide to travel insurance policy purchasers a description or copy of the policy's (1) material terms, (2) claim filing process, and (3) review or cancellation process. Producers must also provide the insurer's and producer's identity and contact information.

A travel retailer must make available to prospective customers brochures or other written materials that provide the insurer's and producer's identity and contact information and explain that:

1. purchasing travel insurance is not required to buy any of the other travel retailer's products or services and
2. the travel retailer may provide general travel insurance information, including a description of the coverage and price, but is not qualified or authorized to answer questions about the policy's terms and conditions or evaluate the adequacy of the customer's existing insurance.

BACKGROUND

Connecticut Unfair Insurance Practices Act (CUIPA)

The law prohibits engaging in unfair or deceptive insurance acts or practices. CUIPA authorizes the insurance commissioner to issue regulations, conduct investigations and hearings, issue cease and desist orders, ask the attorney general to seek injunctive relief in Superior Court, impose fines, revoke or suspend licenses, and order restitution.

Fines may be up to (1) \$5,000 per violation to a \$50,000 maximum or (2) \$25,000 per violation to a \$250,000 maximum in any six-month period if knowingly committed. The law also imposes a fine of up to

\$50,000, in addition to or in lieu of a license suspension or revocation, for violating a cease and desist order.

Connecticut Unfair Trade Practices Act (CUTPA)

The law prohibits businesses from engaging in unfair and deceptive acts or practices. CUTPA allows the DCP commissioner to issue regulations defining what constitutes an unfair trade practice, investigate complaints, issue cease and desist orders, order restitution in cases involving less than \$10,000, enter into consent agreements, ask the attorney general to seek injunctive relief, and accept voluntary statements of compliance. It also allows individuals to sue. Courts may issue restraining orders; award actual and punitive damages, costs, and reasonable attorney's fees; and impose civil penalties of up to \$5,000 for willful violations and \$25,000 for violation of a restraining order.

COMMITTEE ACTION

Insurance and Real Estate Committee

Joint Favorable

Yea 18 Nay 0 (03/17/2016)